



# MODERN SLAVERY IN SUPPLY CHAINS REPORTING REQUIREMENT

## SUMMARY OF CONSULTATION ROUNDTABLES

The Commonwealth Attorney-General's Department (AGD) is leading national consultations on the Australian Government's proposed Modern Slavery in Supply Chains Reporting Requirement. As part of this consultation process, AGD met with more than 100 business and civil society organisations at consultation roundtables in Canberra (22 September 2017) and Melbourne, Sydney and Perth (9-13 October 2017). This summary is a high-level outline of key issues raised during the consultation roundtables. It does not reflect issues raised in written submissions or in direct meetings with AGD as part of this consultation process. This summary does not reflect the views of the Australian Government.

### 1. Is the proposed definition of 'modern slavery' appropriate and simple to understand?

Business and civil society participants broadly supported the proposed approach to defining modern slavery. Some business and civil society participants suggested the definition should explicitly include forced marriage, trafficking in persons, child labour and/or the worst forms of child labour.

### 2. How should the Australian Government define a reporting 'entity' for the purposes of the reporting requirement? Should this definition include 'groups of entities' which may have aggregate revenue that exceeds the threshold?

A majority of business and civil society participants supported defining a reporting entity broadly to encompass a range of entities in addition to legal corporations. A majority of business and civil society participants supported covering groups of entities where the group's aggregate revenue meets the threshold, although this view was not universal.

### 3. How should the Australian Government define an entity's revenue for the reporting requirement? Is \$100 million total annual revenue an appropriate threshold?

Views differed across business and civil society attendees as to the appropriate threshold. Generally, business participants supported an initial threshold of around \$100 million total global revenue, while civil society attendees generally supported a lower threshold at least equivalent to current UK legislation. Views also varied in relation to whether a phased-in or graduated approach should be pursued. A minority of business and civil society participants suggested different revenue thresholds based on industry risk. A majority of business and some civil society participants noted that large businesses may operate across multiple industries and this may create unnecessary complexity.

### 4. How should the Australian Government define an entity's 'operations' and 'supply chains' for the purposes of the reporting requirement?

Business and civil society participants supported the proposal to require entities to report on both their operations and supply chains. A majority of business participants supported flexible definitions of operations and supply chains linked to existing international standards where possible, alongside clear government guidance.

### 5. What regulatory impact will this reporting requirement have on entities? Can this regulatory impact be further reduced without limiting the effectiveness of the reporting requirement?

The majority of business participants did not express concerns about managing the regulatory costs of the legislation as currently proposed, but suggested regulatory impacts would likely vary depending on an entity's structure, industry and readiness to report on modern slavery. Some business and civil society participants recommended options to reduce the regulatory burden, including: harmonisation of the UK and Australian reporting requirements; clear government guidance; and recommended (rather than mandatory) criteria or a phased-in approach to mandatory criteria.

**6. Are the proposed four mandatory criteria for entities to report against appropriate? Should other criteria be included, including a requirement to report on the number and nature of any incidences of modern slavery detected during the reporting period?**

A majority of business and civil society participants supported clear mandatory criteria aligned with other international standards where possible. Business participants also supported simple criteria to enable flexible, risk-based reporting and suggested some criteria could be recommended rather than mandatory to enable a continuous improvement approach. A majority of business and civil society participants emphasised the difficulty of reporting on 'effectiveness'. There was general consensus from business participants that the focus of the criteria should be on the identification and resolution of modern slavery risks, rather than the specific number of incidences. Other suggestions for criteria included optional criteria aligned with the UK and criteria focused on encouraging collaboration and continuous improvement.

**7. Is the five month deadline for entities to publish Modern Slavery Statements appropriate? Should this deadline be linked to the end of the Australian financial year or to the end of entities' financial years?**

A majority of business and civil society participants agreed a five month deadline was appropriate and it should be linked to the end of entities' financial years. A minority of business participants suggested setting a recommended deadline, while other participants suggested a mandatory deadline would assist business to set objectives and provide clarity for consumers about reporting timeframes.

**8. Are the requirements for statements to be approved by boards and signed by directors appropriate?**

Business and civil society participants supported the approval requirements and noted these are important accountability measures and drivers of corporate awareness of modern slavery risks.

**9. How should a central repository for Modern Slavery Statements be established and what functions should it include? Should the repository be run by Government or a third party?**

A majority of business and civil society participants agreed a central repository is important, and should include a list of entities required to report. A majority of participants recommended the Government should be responsible for establishing and maintaining the repository. Participants suggested the repository include easily searchable data fields covering industry sector, trading and brand names and other relevant data. Some business and civil society participants suggested the repository could also hold key information and guidance materials.

**10. Noting the Government does not propose to provide for penalties for non-compliance, how can Government and civil society most effectively support entities to comply with the reporting requirement? What issues need to be covered in guidance material?**

Business and civil society participants highlighted the importance of detailed government guidance to provide clarity to business about their obligations. There was broad agreement that guidance should include: case studies; high-risk industries and goods; how to remedy and respond to cases; and suggested minimum standards. A majority of business participants noted that penalties could create a focus on compliance rather than sharing best-practice and suggested reputational risk and investor pressure are more effective drivers for compliance. Civil society participants generally supported penalties for non-compliance but expressed mixed views on their appropriateness during the first three years.

**11. Is an independent oversight mechanism required, or could this oversight be provided by Government and civil society? If so, what functions should it perform?**

A majority of business and civil society participants agreed that a compliance focused oversight mechanism may not be required over the first three years. Participants instead emphasised the importance of the Government (or an independent body) focusing initially on awareness raising, providing guidance for business and facilitating best-practice sharing and collaboration between business and civil society. There was no clear consensus about whether the Government or an independent body should be tasked with benchmarking and assessing compliance of statements.